

Your ref:
Contact: MS S S MASONDO

Our file ref: 5/1/1-2019/20
In response to DMS No:
Date: 30 May 2019

**MINUTES OF THE ONE HUNDRED AND EIGHTY FIRST ORDINARY MEETING OF
THE COUNCIL OF THE uMHLATHUZE MUNICIPALITY, HELD ON WEDNESDAY,
29 MAY 2019 AT 15:00 IN THE COUNCIL CHAMBERS**

PRESENT: COUNCILLORS

| | | |
|---------------------------|----------------------|-------------|
| S G Mkhize (Speaker) | P T Mbatha | D E Ntuli |
| K D Sibiya (Deputy Mayor) | M M Mbokazi | D F Ntuli |
| M Lourens (Chief Whip) | K N Mbonambi | S S Ntuli |
| C M Botha | K Mjadu | E A Palmer |
| L G Cebekhulu | C G Mkhulise-Khumalo | T M Phahla |
| J N Cele | D E Mngomezulu | T G Qulo |
| N R Cele | C N Mpanza | S Simmadhri |
| S G Dlamini | M S C Mpungose | M Sookroo |
| L C M Fourie | B C Mthembu | I A Stone |
| T S Gumede | O Z Mthembu | N T Thusi |
| J M Hadebe | S N Mthembu | A Viljoen |
| K S Hlabisa | K N Mthethwa | Z Z Xulu |
| L S Joseph | S Mzimela | N T Zibani |
| R Khumalo | H N Ncanana | G Zondi |
| V N Khuzwayo | D J Ndimande | L P Zondo |
| N F Makhanya | M Ndlovu | S M Zulu |
| T B Mathe | K E Nkosi | S G Zuma |
| P M Mathenjwa | P M Ntanzu | Vacant |

PRESENT: TRADITIONAL LEADERS

Inkosi B Mthembu
Inkosi M M Dube
Inkosi M M Mkhwanazi

LEAVE OF ABSENCE AND APOLOGIES

COUNCILLORS

| | |
|---------------------|--------------|
| M G Mhlongo (Mayor) | K Naidoo |
| B J de Lange | N N Ngubane |
| H P C de Wet | S F Ntombela |
| S B Mabaso | C N Nyawo |
| J Z Mabuyakhulu | T P Wanda |
| S L Magubane | R M Zikhali |
| S P Mthembu | |

NO APOLOGIES

COUNCILLORS

None

TRADITIONAL LEADERS

Inkosi Khoza

Inkosi Z Zungu



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER

ITEM 13202**ADOPTED 2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)****RESOLVED TO RECOMMEND THAT:**

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the Municipality for the Financial Year 2019/20 and indicative for the projected outer years 2020/21 and 2021/22 be approved as set out in the Budget Report **(DMS 1341505)** and in the Budget tables A1 - A10 **(Annexure B1 - B13) (DMS 1341506)**;
2. the Final Integrated Development Plan (IDP) Review for 2018/2019 **(DMS 1277053)** be incorporated into the Adopted 2019/20 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Adopted 2019/20 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the City of uMhlathuze be approved as follows:

| Description R thousands | Current Year 2018/19 | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Adjusted Budget | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| Total Operating Revenue | 2 990 431 | 3 208 768 | 3 442 772 | 3 654 227 |
| Total Operating Expenditure | 3 049 313 | 3 234 247 | 3 426 024 | 3 625 932 |
| Surplus/ (Deficit) for the year | (58 882) | (25 479) | 16 749 | 28 294 |
| Total Capital Expenditure | 586 328 | 597 533 | 589 991 | 598 794 |
| TOTAL OPERATING & CAPITAL BUDGET | 3 635 642 | 3 831 780 | 4 016 015 | 4 253 020 |

It be further noted that this Budget in as far as the Municipal's administration ability and financial system capability allowed, is Project based.

4. the following table setting out the surplus/(deficit) across the services be approved:



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER

| Description | Current Year 2018/19 | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------------|----------------------|---|------------------------|------------------------|
| R thousand | Adjusted Budget | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| Electricity and Energy Sources | | | | |
| Surplus/(Deficit) for the year | 185 458 | 218 249 | 263 220 | 301 631 |
| Water Management | | | | |
| Surplus/(Deficit) for the year | (2 224) | 5 873 | 19 498 | 19 737 |
| Waste water management | | | | |
| Surplus/(Deficit) for the year | 9 074 | (11 866) | (9 213) | (5 023) |
| Waste management | | | | |
| Surplus/(Deficit) for the year | (16 608) | 11 173 | 16 183 | 19 342 |
| Other Services | | | | |
| Surplus/(Deficit) for the year | (234 583) | (248 908) | (272 940) | (307 392) |
| Total | | | | |
| Surplus/(Deficit) for the year | (58 882) | (25 479) | 16 749 | 28 294 |

5. the Adopted Service Delivery and Budget Implementation Plan (SDBIP) 2019/20 (**DMS 1339632**) as submitted be approved;
6. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2019/20 financial year be approved:

| Category | Proposed tariff (from 1 July 2019) | Ratio to Residential Tariff |
|--|------------------------------------|-----------------------------|
| | C | |
| Residential Properties | 0,0103 | 1:1 |
| Business / Commercial | 0,0217 | 1:2,10 |
| Industrial | 0,0227 | 1:2,20 |
| Agricultural Properties | 0,0026 | 1:0,25 |
| Public Service Purposes (State Owned) | 0,0114 | 1:1,10 |
| Public Service Infrastructure | 0,0026 | 1:0,25 |
| Public Benefit Organisation Properties | 0,0026 | 1:0,25 |
| Mining Properties | 0,0237 | 1:2,30 |
| Vacant Land | 0,0217 | 1:2,10 |

7. on application by the relevant rate payers the following rebates be applied subject to the provisions contained in the Rates Policy:

- Agricultural properties - 5%
- Non Profit Organisations - 20%



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER

8. the following in terms of the 2019/20 Property Rates Ratios be approved:
 - Vacant Land Category - Revised ratio 1: 2,10.
9. the Rates Policy as contained in **Annexure D1 (DMS 1344595)** be approved;
10. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R115 000 of the valuation on all developed residential properties valued at R400 000 and below be made;
11. in addition to the reductions in recommendation (9) above and subject to the criteria set out in the Property Rates Policy an additional R200 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;
12. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R130 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R130 000 on the following basis:
 - a) Properties valued between R130 001 and R170 000 will receive a rebate of 25% in respect of the sewer and refuse charges;
 - b) Properties valued at R170 001 and higher will pay the normal tariff;
13. the amendment of the Tariff of Charges as per Annexure C (**DMS 1335718**) be approved;
14. the Tariff Policy as per Annexure D2 (**DMS 1342652**) be approved;
15. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
16. in addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month;
17. the property rates and tariff adjustments as set out above be dealt in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;
18. the contribution of R 218 million from Electricity Trading Service to Rates and General and other Trading Services referred to in the Electricity Tariff of Charges, as per Annexure C (**DMS 1335718**) as the Local Government Levy, **be noted**;
19. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account;
20. in terms of various policies the following increases in allowances are submitted to Council for approval:



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER

| | Approved 2018/19 Tariffs | Proposed Tariffs - 2019/20 |
|---|-----------------------------|-------------------------------|
| | R | R |
| Standby - Travel allowance | 101 | 104 |
| Standby - Subsistence allowance | 66 | 68 |
| Subsistence allowances | | |
| Daily allowance | 143 | 147 |
| Overnight allowance | 191 | 197 |
| Own accommodation | 263 | 271 |
| Interview candidates | 69 | 71 |
| Accommodation | | |
| All employees | 1 196 | 1 232 |
| All councillors and Section 56 employees | 2 005 | 2 065 |
| Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip | 3 344 | 3 444 |
| Ward committee members | 1 344 | 1 384 |
| Indigent Burial Assistance | | |
| Adult | 2 638 | 2 717 |
| Child (1 day to 15 years) | 2 005 | 2 065 |
| Stillborn / foetus | 1 372 | 1 413 |

21. should there be any unspent conditional grants received from the National Fiscus at year end, Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in **2018/19** financial year to the next financial year, namely the 2019/20 financial year;
22. Council approves the two cents per kilowatt hour tariff on **all business** consumers for the purposes of Energy Saving Reserve. These reserves ***shall*** only be used strictly for energy saving initiatives as per Council Resolution number 10872 dated 25 May 2016 (**RPT 160350**), that are included in the approved Budget;
23. although Council has an approved Virement Policy, in terms of this 2019/20 MTREF Budget appropriation, no virements (transfers) will be allowed out of:
 - All Repairs and Maintenance Projects unless approval has been sort jointly between the Municipal Manager and the Chief Financial Officer;
 - Purchase of Bulk Electricity and Bulk Water Projects;
 - Operations and Maintenance Contracts provisions for Water and Sanitation services;
 - Other virements (transfers) from line items indicated as impermissible in terms of the approved virement policy;
24. Council resolution 12892 dated 5 December 2018, resolved that funding for the SEDA Construction Incubator Partnership be considered during the budget process, although the request for this programme amounted to R5,7 million, an amount of R1,5 million could only be provided; and

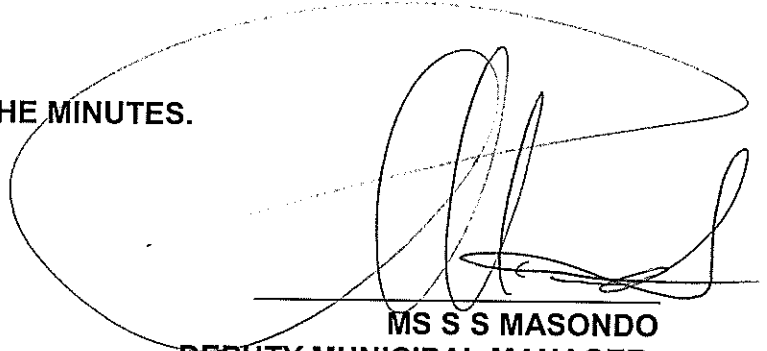


25. the electricity tariffs be determined and calculated as per the instruction from NERSA from 7 March 2019 at 9.41% for municipalities, subject to a possible new higher approved tariff increase received from NERSA. Council will then incorporate the effect in 2019/20 MTREF new tariff approval.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES.

Civic Centre
c/o Mark Strasse and Lira Link
CBD
Richards Bay

(1347023 - mpf)

A large, stylized handwritten signature in black ink, enclosed within a large, hand-drawn oval. The signature appears to be 'Ms S S Masondo'.

**MS S S MASONDO
DEPUTY MUNICIPAL MANAGER:
CORPORATE SERVICES**



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER